

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



04033029

FORM 11-K



☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[FEE REQUIRED]

For the Fiscal Year Ended December 31, 2003

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
[NO FEE REQUIRED]

Commission File No. 1-10662

PROCESSED

JUN 17 2004

THOMSON
FINANCIAL

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**XTO ENERGY INC.
810 Houston Street
Fort Worth, Texas 76102**

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

FORM 11-K FOR THE YEAR ENDED DECEMBER 31, 2003

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KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Plan Administrator
XTO Energy Inc. Employees' 401(k) Plan:

We have audited the accompanying statements of net assets available for benefits of the XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2003 and 2002, and the related statements of changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2003. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available or benefits of the XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2003 and 2002, and the changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

June 7, 2004



XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

**STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AT DECEMBER 31, 2003 AND 2002**

	<u>December 31</u>	
	<u>2003</u>	<u>2002</u>
ASSETS		
Interest and dividends receivable	\$ 74,329	\$ 61,474
Investments at fair value ..	142,167,084	92,343,180
Participant loans at fair value	1,942,185	1,676,874
Contributions receivable	<u>322,544</u>	<u>263,545</u>
NET ASSETS AVAILABLE FOR BENEFITS	<u>\$144,506,142</u>	<u>\$ 94,345,073</u>

See Accompanying Notes to Financial Statements.

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2003, 2002 AND 2001**

	<u>2003</u>	<u>2002</u>	<u>2001</u>
ADDITIONS			
Additions to net assets attributed to:			
Employee contributions	\$ 6,314,494	\$ 5,341,492	\$ 4,898,723
Employer contributions	5,239,822	4,477,779	3,884,748
Interest, dividend and other income	1,602,096	824,803	972,257
Net appreciation (depreciation) in fair value of investments	<u>40,406,223</u>	<u>13,346,300</u>	<u>(1,355,898)</u>
Total Additions	<u>53,562,635</u>	<u>23,990,374</u>	<u>8,399,830</u>
DEDUCTIONS			
Deductions from net assets attributed to:			
Terminations and withdrawals	3,385,169	2,868,963	1,528,244
Loan fees and other	<u>16,397</u>	<u>12,307</u>	<u>8,154</u>
Total Deductions	<u>3,401,566</u>	<u>2,881,270</u>	<u>1,536,398</u>
NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS	50,161,069	21,109,104	6,863,432
NET ASSETS AVAILABLE FOR BENEFITS:			
Beginning of year	<u>94,345,073</u>	<u>73,235,969</u>	<u>66,372,537</u>
End of year	<u>\$144,506,142</u>	<u>\$ 94,345,073</u>	<u>\$ 73,235,969</u>

See Accompanying Notes to Financial Statements.

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF THE PLAN

General - The XTO Energy Inc. Employees' 401(k) Plan ("the Plan") is a defined contribution, single employer pension plan of XTO Energy Inc. and its subsidiaries ("the Company") and was established on January 1, 1989. A new prototype plan was adopted in September 2003. The Plan is qualified under Section 401(k) of the Internal Revenue Code ("IRC"), as amended, and is subject to the provisions of the Employee Retirement Income Security Act ("ERISA"). The Company is the Plan Administrator and Prudential Investments is the recordkeeper and Trustee of the Plan.

Participation - All employees age 21 or older are eligible to participate after one hour of service with the Company.

Contributions - As of February 2002, the Plan was amended to allow participants to contribute up to 90% of their total compensation in each calendar year. Prior to that date, participants could contribute up to 15% of their total compensation in each calendar year. The Company matches 100% of each employee's contribution up to a maximum of 10% of the employee's total compensation in each calendar year. Employee and employer contributions are subject to certain annual dollar maximums as imposed by the IRC. The first 2% of the Company's matching contribution must be invested in the XTO Energy Inc. Common Stock Fund. The Plan was amended in February 2002 to provide that any participant who is age 50 or older can reallocate the 2% Company matching contribution made to the XTO Energy Inc. Common Stock Fund into any of the Plan's investment options. Further amendments adopted in February 2002 allow participants over age 49 to make catch-up contributions as allowed by law. The Company will not match these contributions.

Participant Accounts - Each participant has 1) an employee account which is credited with employee contributions and earnings thereon and 2) an employer account which is credited with employer contributions, allocation of any forfeitures, and earnings thereon. Each participant's employee and employer accounts are directly credited daily with investment income earned on the account.

Vesting - Employee account balances are fully vested at all times. As of February 2002, employer account balances vest upon completion of three years of service. Prior to February 2002, employer account balances vested upon the earlier of contributing to the Plan for three consecutive years or the completion of five years of service. A year of service is credited to participants who have at least 1,000 hours of service during a plan year, which is a calendar year. The Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants become fully vested in their employer account balances, and the employee and employer account balances will be distributed to participants.

Terminations and Withdrawals - Upon termination of employment, distributions are made generally in the form of a lump-sum payment to the participant (or beneficiary in the event of death) or rolled into a qualified plan or individual retirement account as elected by the participant. Participants are allowed to withdraw employee account balances prior to termination of their employment under certain conditions as specified in the Plan. Such withdrawals are subject to federal taxation and an early withdrawal penalty.

Loans - Participants may apply for loans from their vested balances in the Plan. Loan applications are subject to approval by the 401(k) Plan Committee ("the Committee") on a nondiscriminatory basis. Loan amounts are limited to 50% of the participant's vested balance, up to a maximum of \$50,000, with a minimum of \$1,000. Loans have terms from one to five years and bear interest at rates determined by the Committee. These rates currently are 1% above the prime rate at the beginning of the quarter in which the loan originates. Upon payment, interest is credited to the participant's account. Interest rates on outstanding loans at December 31, 2003 and 2002 range from 5% to 10.5%.

Forfeitures - Upon termination of employment, nonvested employer account balances become eligible for reallocation to the remaining participants' accounts. After the earlier of distribution of the terminated participant's vested account balances or the fifth anniversary of his termination, forfeitures are allocated to remaining participants' employer account balances as of December 31 of each year. This allocation is based on proportionate employer contributions during the year and is subject to maximum annual contributions imposed by the IRC. Allocated forfeitures do not reduce the Company's matching contribution. Forfeitures totaled \$111,150, in 2003, \$184,429 in 2002 and \$38,818 in 2001.

Investment Funds - Participants have the option to invest contributions and account balances in the following funds:

- *MoneyMart Assets Fund* - Managed by Prudential Investments, this fund invests in money market instruments maturing in thirteen months or less, including U.S. Government and agency obligations, commercial paper, asset-backed securities and other obligations of foreign governments. The annual interest rate was 0.5% at December 31, 2003 and 0.9% at December 31, 2002.
- *Stable Value Fund* - Managed by Wells Fargo Bank, this fund invests in obligations issued by highly rated financial institutions, corporations and the U.S. Government, including guaranteed investment contracts ("GICs"), bank investment contracts, GIC alternatives, corporate bonds, U.S. Treasury securities, mortgage related securities and asset-backed securities. Fund earnings are credited daily. The average annualized yield of the Stable Value Fund was 4.10% for 2003 and 5.2% for 2002.
- *American Funds American Balanced Fund* - Managed by Capital Research and Management, this fund invests in a diversity of equity and debt securities and cash instruments, generally with at least 50% of its portfolio in stock, at least 25% in bonds, and up to 10% in foreign securities.
- *Jennison 20/20 Focus Fund* - Managed by Prudential Investments, this fund generally invests at least 80% of its portfolio in up to 40 equity securities of U.S. companies, with strong capital appreciation potential. It may invest in common stocks, nonconvertible preferred stocks and convertible securities.
- *American Funds EuroPacific Growth Fund* - Managed by Capital Research and Management, this fund generally invests at least 80% of its portfolio in equity securities of companies in Europe or the Pacific Basin, and may also hold cash or money market instruments.
- *XTO Energy Inc. Common Stock Fund* - Invests in common stock of the Company traded on the New York Stock Exchange and cash equivalents. The XTO Energy Inc. Common Stock Fund is managed by Prudential Investments, with UBS PaineWebber serving as advisor.
- *Cross Timbers Royalty Trust Units Fund* - Invests in Cross Timbers Royalty Trust units of beneficial interest traded on the New York Stock Exchange and cash equivalents. The Cross Timbers Royalty Trust Units Fund is managed by Prudential Investments, with UBS PaineWebber serving as advisor.
- *Hugoton Royalty Trust Units Fund* - Invests in Hugoton Royalty Trust units of beneficial interest traded on the New York Stock Exchange and cash equivalents. The Hugoton Royalty Trust Units Fund is managed by Prudential Investments, with UBS PaineWebber serving as advisor.

Any uninvested cash balances in each of the above funds are invested in money market funds, the annual interest rate for which was 0.5% at December 31, 2003 and 0.9% at December 31, 2002.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Plan are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States and the requirements of ERISA. The financial

statements of the Plan are presented in accordance with Statement of Position 99-3, "Accounting for and Reporting of Certain Defined Contribution Plan Investments and Other Disclosure Matters."

In preparing the accompanying financial statements, the Company has made certain estimates and assumptions that affect reported amounts in the financial statements and disclosure of contingencies. Actual results could differ from these estimates and assumptions. The following are the Plan's significant accounting policies:

- All investments are stated at fair value as determined by quoted market prices at December 31.
- Investment transactions are recorded as of the trade date.
- Appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined based on the weighted average cost of investments sold.
- Brokerage commissions on purchases and sales of investments are paid by the Plan and are recorded in the cost of investment or sale. All Plan administrative expenses, including recordkeeper compensation, are paid by the Company and are not reimbursed by the Plan. Plan administration expenses totaled \$186,770 in 2003, \$143,504 in 2002 and \$103,357 in 2001.
- Terminations and withdrawals are recorded upon payment to the participant. Benefits payable are not reflected in the statements of net assets available for benefits. There were no benefits payable at December 31, 2003, 2002 or 2001.

3. INVESTMENTS

The Plan provides for investments in various securities which, in general, are exposed to risks, such as interest rate, credit and overall market volatility risks. It is reasonably possible that the values of these securities will fluctuate in the near term by amounts that are material in relation to net assets available for benefits.

Investments that represent 5% or more of the Plan's net assets are as follows:

	December 31, 2003		December 31, 2002	
	Number of Units/Shares	Fair Value	Number of Units/Shares	Fair Value
XTO Energy Inc.				
Common Stock Fund (a) (b)	4,049,610	\$ 91,683,167	3,849,902	\$ 57,055,549
Jennison 20/20 Focus Fund	1,295,866	13,878,724	1,190,590	9,905,708
American Funds American Balanced Fund	884,604	15,294,800	786,673	11,343,830

(a) For information regarding nonparticipant-directed investments, see Note 4.

(b) Number of shares have been adjusted for a five-for-four stock split effected March 17, 2004 and a four-for-three stock split effected March 18, 2003.

The Plan's investments appreciated (depreciated) in fair value as follows:

	Year Ended December 31		
	2003	2002	2001
XTO Energy common stock	\$ 31,489,536	\$ 16,983,426	\$ (1,434,322)
Royalty trust units of beneficial interest	2,255,731	290,978	178,434
Mutual funds and collective trust funds	<u>6,660,956</u>	<u>(3,928,104)</u>	<u>(100,010)</u>
Total net appreciation (depreciation) in fair value	<u>\$ 40,406,223</u>	<u>\$ 13,346,300</u>	<u>\$ (1,355,898)</u>

4. NONPARTICIPANT-DIRECTED INVESTMENTS

The following are nonparticipant-directed assets included in the statements of net assets available for benefits at December 31, 2003 and 2002. Nonparticipant-directed assets result from the first 2% of the Company's matching contribution which is invested in the XTO Energy Inc. Common Stock Fund (Note 1).

	December 31, 2003		December 31, 2002	
	Number of Shares	Fair Value	Number of Shares	Fair Value
Investments -				
XTO Energy common stock (a)	297,785	\$6,741,844	233,542	\$3,461,094
Dividends and other receivables	-	<u>68,013</u>	-	<u>78,736</u>
Total assets		<u>\$6,809,857</u>		<u>\$3,539,830</u>

(a) Number of shares have been adjusted for a five-for-four stock split effected March 17, 2004 and a four-for-three stock split effected March 18, 2003.

The following summarizes the changes in net assets available for benefits during the years ended December 31, 2003, 2002 and 2001 related to nonparticipant-directed investments.

	December 31		
	2003	2002	2001
Net assets available for benefits at beginning of year	\$3,539,830	\$ 1,740,941	\$ 904,680
Employer contributions	1,137,153	956,113	835,549
Interest, dividends, and other income	41,312	5,304	3,373
Net appreciation in fair value	2,205,964	896,019	8,643
Terminations and withdrawals	<u>(114,402)</u>	<u>(58,547)</u>	<u>(11,304)</u>
Net assets available for benefits at end of year	<u>\$6,809,857</u>	<u>\$3,539,830</u>	<u>\$1,740,941</u>

5. TAX STATUS

The Internal Revenue Service has informed the Company by a letter dated June 8, 1995 that the Plan and related trust are designed in accordance with applicable sections of the IRC. Since adopting a new prototype plan in September 2003, the Company has requested a new determination letter from the Internal Revenue Service. The Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently operated in compliance with the applicable requirements of the IRC.

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN**SCHEDULE H, LINE 4i - SCHEDULE OF ASSETS (HELD AT END OF YEAR), DECEMBER 31, 2003****Employer ID# 75-2347769****Plan #001**

(a)	(b) and (c) Identity of issuer, borrower, lessor or similar party, including description of investment	Number of units/shares	(d) Cost ⁽¹⁾	(e) Current value
*	PRUDENTIAL INVESTMENTS Mutual Funds:			
	MoneyMart Assets Fund	3,730,769	\$ -	\$ 3,730,769
	Jennison 20/20 Focus Fund	1,295,866	-	13,878,724
	CAPITAL RESEARCH AND MANAGEMENT Mutual Funds:			
	American Funds American Balanced Fund ...	884,604	-	15,294,800
	American Funds EuroPacific Growth Fund ...	147,201	-	4,446,941
	WELLS FARGO BANK Collective Trust Fund:			
	Stable Value Fund	180,345	-	6,142,456
*	XTO ENERGY INC. ^{(1) (2)} Common Stock	4,049,610	27,204,963	91,683,167
*	CROSS TIMBERS ROYALTY TRUST Units of Beneficial Interest	180,772	-	5,155,618
*	HUGOTON ROYALTY TRUST Units of Beneficial Interest	83,849	-	1,834,609
	TOTAL INVESTMENTS		27,204,963	142,167,084
	Participant Loans (5% to 10.5% interest rate)		-	1,942,185
	TOTAL ALL FUNDS		<u>\$ 27,204,963</u>	<u>\$ 144,109,269</u>

Column (a) - an asterisk (*) in column (a) indicates that the person/entity in column (b) is known to be a party-in-interest.

Columns (b) and (c) include maturity date, interest rate, collateral, par or maturity value, if applicable.

⁽¹⁾ Cost is only provided for XTO Energy Inc. common stock since transactions in all other investments are participant-directed.

⁽²⁾ Number of shares have been adjusted for a five-for-four stock split effected March 17, 2004.

This supplemental schedule lists assets (held at end of year) as of December 31, 2003, as required by the Department of Labor Rules and Regulations for Reporting and Disclosure.

See accompanying independent registered public accounting firm report.

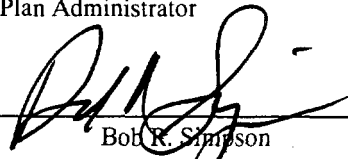
SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

XTO ENERGY INC. EMPLOYEES' 401(k) PLAN

By: XTO Energy Inc.
Plan Administrator

Date: June 14, 2004

By: 
Bob R. Simpson
Chairman of the Board
and Chief Executive Officer



KPMG LLP
Suite 3100
717 North Harwood Street
Dallas, TX 75201-6585

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Plan Administrator
XTO Energy Inc. Employees' 401(k):

We consent to the incorporation by reference in the Registration Statements (Nos. 33-55784, 333-68775, 333-37668, 333-81849 and 333-91460) on Form S-8 of XTO Energy Inc. of our report dated June 7, 2004 with respect to the statements of net assets available for benefits of XTO Energy Inc. Employees' 401(k) Plan as of December 31, 2003 and 2002, the related statements of changes in net assets available for benefits for each of the years in the three-year period ended December 31, 2003, and the related supplemental schedule, which report appears in the December 31, 2003 annual report on Form 11-K of XTO Energy Inc. Employees' 401(k) Plan.

KPMG LLP

June 14, 2004

